

Optimization of Canada Post's delivery process for mail/parcels

Executive Summary *MIE463 - Team 6*

Background and Scope

Canada Post is a crown corporation owned by the federal government that provides post and parcel services to all of Canada. With technology rapidly changing the lives of Canadians, to remain competitive, it is important for Canada Post to be agile, innovate rapidly and serve the changing needs of Canadian customers. In order to effectively make sure their customers can get mail delivered even quicker, it is imperative to have a efficient delivery process model in place.

The objective of this report is to do a comprehensive analysis of the company and the industry; following which, provide a set of recommendations to the senior leadership of the company on the strategic direction that the company should adopt. The scope of the project is limited to the delivery process of mail/parcels from the the very first step of receiving the order information and finishes at the last phase of the parcel being delivered by a canada post delivery man.

Process Analysis

Report starts with problem statement where team is clearly identifying problems and issues with Canada Post's current parcel delivery system. Following that, team made thorough research on Canada Post's delivery process to find present state of process of the system by providing a business process diagram. To fully analyze the position in which Canada Post currently resides in their industry, a SWOT analysis was conducted to show that there was plenty of opportunity for this new process vision. A Porter's 5 Forces model was used to conclude that the threat of buyers and competitors is really high.

A process analysis began with understanding all possible areas of low efficiency and quality in the three main level 0 processes of order acceptance, mail sorting and delivery. These issues were narrowed down and the impact of these issues were found out. The impacts of these gaps were affecting the overall cost due to labour being unable to process large amounts of orders leading to high delivery times, low customer satisfaction and high costs.. Enabler and flow problems such as the management and leadership, less use of IT and poor documentation were the main contributors. Metrics, KPI's and goals were identified for each process to come up with an overall strategy to increase average delivery over times by 20% and to reduce failure demand by 30%.

Design Solution

Three main solutions were identified to reduce delivery times. Each solution is aimed at rectifying the root causes. The team recommended an implementation of a benefits dependency network. The implementation Benefits Dependency Network (BDN) model will link and organize IT projects to the parcel business process being changed and the rationale behind those changes to build a better knowledge management system to boost worker and consumer morale . BDN in this case will be used to identify the most cost effective and lowest risk combination of IT and changes that will achieve explicit quantified improvements required by CP. The team also suggests automation in the sorting center to remove bottlenecks and increase efficiency. While some sorting centres are fairly automated , the sorting centres in smaller towns are in need of modernization. A last solution aimed at increasing customer satisfaction was an improvement to the current delivery methods. CP currently suffers from many tardiness issues regarding delivering its parcels . As CP moves away from lettermail, the volume of parcels sent increased, especially during the holiday season. In fact, it is estimated that parcel deliveries increased by 8.1% in 2014. As CP implements new technologies and IT solutions as recommended earlier, one of the main benefits would be to improve parcel tracking, allowing the customer to keep better track of their parcel and therefore reducing the chances of losing the parcel.

Conclusion

Through the use of BPM methodologies, the project improvement team was able to define Canada Post's delivery process from start to finish, isolate the main problems leading to poor efficiencies and low customer satisfaction mainly the lack of use of IT and provide remedy of issues through IT solutions . The successful implementation of this project is sure to improve delivery times for Canada Post and be competitive in the mail/parcel delivery market which is exponentially growing in size and volume of mail.